



**Rules and Ancillary Document Review Checklist**  
**(This form must be filled out electronically.)**

All responses should be in **bold** format.

Document Reviewed (include title): **WAC 458-12-310**

Date last adopted: **April 29, 1968**

Reviewer: **Joseph D. Simmonds**

Date review completed: **November 22, 2000**

Is this document being reviewed at this time because of a taxpayer or business association request? (If "YES", provide the name of the taxpayer/business association and a brief explanation of the issues raised in the request). **YES** ☐ **NO** **X**

Type an "x" in the column that most correctly answers the question, and provide clear, concise, and complete explanations where needed.

**1. Explain the goal(s) and purpose(s) of the document: The goal and purpose of WAC 458-12-310 is to provide information and guidance to assessors and taxpayers regarding the valuation of different categories of tangible personal property including business inventories.**

**2. Need:**

<b>YES</b>	<b>NO</b>	
<b>X</b>		Is the document necessary to comply with the statutes that authorize it? (E.g., Is it necessary to comply with or clarify the application of the statutes that are being implemented? Does it provide detailed information not found in the statutes?)
<b>X</b>		Is the document obsolete to a degree that the information it provides is of so little value that the document warrants repeal or revision?
<b>X</b>		Have the laws changed so that the document should be revised or repealed? (If the response is "yes" that the document should be repealed, explain and identify the statutes the rule implemented, and skip to Section 10.)
<b>X</b>		Is the document necessary to protect or safeguard the health, welfare (budget levels necessary to provide services to the citizens of the state of Washington), or safety of Washington's citizens? (If the response is "no", the recommendation must be to repeal the document.)

Please explain. **WAC 458-12-310 implements RCW 84.40.020, RCW 84.40.030, and RCW 84.36.473.**



This rule does not reflect (nor does RCW 84.40.020 as explained in Section 5) that business inventories are now exempt under RCW 84.36.477. Thus, the discussion of how to determine values attributable to raw material, work in process, and average inventory should be eliminated from the rule. The first statement under finished goods ending with a semi colon should be deleted including the first word in the following statement “those”. The balance of the statements under finished goods should remain intact.

This rule is obsolete to the extent that it explains that the Department will annually publish or approve schedules to be used to determine the value of livestock and petroleum products. This information should be eliminated because these schedules no longer exist.

**3. Related ancillary documents, court decisions, BTA decisions, and WTDs: Complete** Subsection (a) only if reviewing a rule. Subsection (b) should be completed only if the subject of the review is an ancillary document. Excise Tax Advisories (ETAs), Property Tax Bulletins (PTBs) and Audit Directives (ADs) are considered ancillary documents.

(a)

YES	NO	
	X	Are there any ancillary documents that should be incorporated into this rule? (An Ancillary Document Review Supplement should be completed for each and submitted with this completed form.)
	X	Are there any ancillary documents that should be repealed because the information is currently included in this or another rule, or the information is incorrect or not needed? (An Ancillary Document Review Supplement should be completed for each and submitted with this completed form.)
	X	Are there any Board of Tax Appeal (BTA) decisions, court decisions, or Attorney Generals Opinions (AGOs) that provide information that should be incorporated into this rule?
	X	Are there any administrative decisions (e.g., Appeals Division decisions (WTDs)) that provide information that should be incorporated into the rule?

(b)

YES	NO	
		Should this ancillary document be incorporated into a rule?
		Are there any Board of Tax Appeal (BTA) decisions, court decisions, or Attorney Generals Opinions (AGOs) that affects the information now provided in this document?
		Are there any administrative decisions (e.g., Appeals Division decisions (WTDs)) that provide information that should be incorporated into the document?



If the answer is “yes” to any of the questions in (a) or (b) above, identify the pertinent document(s) and provide a brief summary of the information that should be incorporated into the document.

#### 4. Clarity and Effectiveness:

YES	NO	
X		Is the document written and organized in a clear and concise manner?
X		Are citations to other rules, laws, or other authority accurate? (If no, identify the incorrect citation below and provide the correct citation.)
X		Is the document providing the result(s) that it was originally designed to achieve? (E.g., does it reduce the need for taxpayers to search multiple rules or statutes to determine their tax-reporting responsibilities, help ensure that the tax law and/or exemptions are consistently applied?)
	X	Do changes in industry practices warrant repealing or revising this document?
	X	Do any administrative changes within the Department warrant repealing or revising this document?

Please explain. **The rule is generally providing the results that were originally intended, but the rule needs revision.**

WAC 458-12-310’s first sentence is the implementing a portion of RCW 84.40.030’s first sentence. The words “for inventory and leased equipment” should be struck from the second sentence to be consistent with the needed revisions explained in Section 2. The following two paragraphs should remain in this rule. The first statement under finished goods ending with a semi colon should be deleted including the first word in the following statement “those”. The balance of the statements under finished goods should remain intact. And as mentioned above, the rest of this rule should be deleted (e.g. the statements under the subsections entitled “Raw Materials,” “Work in process,” “Livestock,” “Petroleum products,” “Average inventory”).

WAC 459-12-310’s title should be changed to read “Valuation of personal property—trade level concept.” The majority of this rule deals with the valuation of inventory at market value and the use of the proper trade level. Inventory is now exempt pursuant to RCW 84.36.477. The trade level concept remaining in this rule is important to the market value of all tangible personal property not just inventories. It is imperative that these portions of this rule be retained.

#### 5. Intent and Statutory Authority:

YES	NO	
X		Does the Department have sufficient authority <b>to adopt</b> this document? (Cite the statutory authority in the explanation below.)
X		Is the document consistent with the legislative intent of the statutes that authorize it? (I.e., is the information provided in the document consistent with



## Reviewing Rules and Ancillary Documents

		the statute(s) that it was designed <b>to implement</b> ?) If “no”, identify the specific statute and explain below. List all statutes being implemented in Section 9, below.)
<b>X</b>		Is there a need to recommend legislative changes to the statutes being implemented by this document?



Please explain. **This rule is consistent with the statutes that it implements. However, as noted in Section 2, one of those statutes (RCW 84.40.020) does not recognize subsequent legislation. RCW 84.40.020 at the second proviso or the last sentence should be repealed as its reference is strictly to the listing and assessment of the average inventory that is now exempt under RCW 84.36.477 enacted by the laws of 1983, 1<sup>st</sup> EX.Sess., Chapter 62 § 6, which was effective January 1, 1984.**

**6. Coordination:** Agencies should consult with and coordinate with other governmental entities that have similar regulatory requirements when it is likely that coordination can reduce duplication and inconsistency.

YES	NO	
	X	Could consultation and coordination with other governmental entities and/or state agencies eliminate or reduce duplication and inconsistency?

Please explain. **No other federal or state agency deals with or supervises the administration of the property tax program. The department works with county assessors during the rule- making activities for this program to prevent chances of developing inconsistent rules.**

**7. Cost:** When responding, consider only the costs imposed by the document being reviewed and not by the statute.

YES	NO	
	X	Have the qualitative and quantitative benefits of the document been considered in relation to its costs? (Answer “yes” only if a Cost Benefit Analysis was completed when the rule was last adopted or revised.)

Please explain. **This is an interpretive rule that requires no additional burden not already imposed by statute.**

**8. Fairness:** When responding, consider only the impacts imposed by the document being reviewed and not by the statute.

YES	NO	
X		Does the document result in equitable treatment of those required to comply with it?
	X	Should it be modified to eliminate or minimize any disproportionate impacts on the regulated community?
	X	Should the document be strengthened to provide additional protection to correct any disproportionate impact on any particular segment of the regulated community?

Please explain.





**9. LISTING OF DOCUMENTS REVIEWED:** (Use “bullets” with any lists, and include documents discussed above. Citations to statutes, ancillary documents, and similar documents should include titles. Citations to Attorneys General Opinions (AGOs) and court, Board of Tax Appeals (BTA), and Appeals Division (WTD) decisions should be followed by a brief description (i.e., a phrase or sentence) of the pertinent issue(s).)

Statute(s) Implemented: **To the extent the following apply to inventory at various stages of the manufacturing or distribution chain:**

- **RCW 84.40.020—Assessment date—Average inventory basis may be used—Public inspection of listing, documents, and records;**
- **RCW 84.40.030—Basis of valuation, assessment, appraisal—One hundred percent of true and fair value—Exceptions—Leasehold estates—Real property—**
- **RCW 84.36.473—“Business inventories” and “successor” defined.**

Ancillary Documents (i.e., ETAs, PTBs, and ADs):

Court Decisions:

Board of Tax Appeals Decisions (BTAs):

Administrative Decisions (e.g., WTDs):

Attorney General’s Opinions (AGOs):

Other Documents (e.g., special notices or Tax Topic articles, statutes or regulations administered by other agencies or government entities, statutes, rules, or other documents that were reviewed but were not specifically relevant to the subject matter of the document being reviewed):

**RCW 84.36.477---“Business inventories**

## **10. Review Recommendation:**

☒ Amend

☐ Repeal

☐ Leave as is

☐ Begin the rule-making process for possible revision. (Applies only when the Department has received a petition to revise a rule.)

☐ Incorporate ancillary document into a new or existing rule. (Subject of this review must an ancillary document and not a rule.)



**Explanation of recommendation:** (If recommending an amendment of an existing rule, provide only a brief summary of the changes you've identified/recommended earlier in this review document.)

**This rule should be revised to recognize subsequent legislation providing a property tax exemption to inventory. The discussion of livestock and petroleum product schedules published or approved annually by the DOR also needs to be eliminated. As discussed in Section 4, above, the information addressing the trade level concept needs to be retained.**

**11. Manager action:**    Date: \_\_\_\_\_

\_\_\_\_\_ Reviewed recommendation      \_\_\_\_\_ Accepted recommendation

\_\_\_\_\_ Returned for further action

Comments: